

# Senate Bill 662

Sponsored by Senators STARR, ATKINSON

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes Director of State Department of Energy to define what constitutes alternative fuel device or category one or two alternative energy device. Authorizes director to define resource as renewable energy resource.

## A BILL FOR AN ACT

1  
2 Relating to alternative energy; amending ORS 469.160 and 469.185.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 469.160 is amended to read:

5 469.160. As used in ORS 316.116, 317.115 and 469.160 to 469.180:

6 (1) "Alternative energy device" means a category one alternative energy device or a category  
7 two alternative energy device.

8 (2) "Alternative fuel device" means any of the following:

9 (a) An alternative fuel vehicle;

10 (b) Related equipment; [*or*]

11 (c) A fueling station necessary to operate an alternative fuel vehicle; **or**

12 **(d) Any other device that the Director of the State Department of Energy defines as an**  
13 **alternative fuel device.**

14 (3) "Alternative fuel vehicle" means a motor vehicle as defined in ORS 801.360 that is:

15 (a) Registered in this state; and

16 (b) Manufactured or modified to use an alternative fuel, including but not limited to electricity,  
17 natural gas, ethanol, methanol, propane and any other fuel approved in rules adopted by the [*Di-*  
18 *rector of the State Department of Energy*] **director** that produces less exhaust emissions than vehicles  
19 fueled by gasoline or diesel. Determination that a vehicle is an alternative fuel vehicle shall be made  
20 without regard to energy consumption savings.

21 (4) "Category one alternative energy device" means:

22 (a) Any system, mechanism or series of mechanisms that uses solar radiation for space heating  
23 or cooling for one or more dwellings;

24 (b) Any system that uses solar radiation for:

25 (A) Domestic water heating; or

26 (B) Swimming pool, spa or hot tub heating and that meets the requirements set forth in ORS  
27 316.116;

28 (c) A ground water heat pump and ground loop system;

29 (d) Any wind powered device used to offset or supplement the use of electricity by performing  
30 a specific task such as pumping water;

31 (e) Equipment used in the production of alternative fuels;

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (f) A generator powered by alternative fuels and used to produce electricity;

2 (g) An energy efficient appliance;

3 (h) An alternative fuel device; [or]

4 (i) A premium efficiency biomass combustion device that includes a dedicated outside com-  
5 bustion air source and that meets minimum performance standards that are established by the State  
6 Department of Energy; **or**

7 **(j) Any other device that the director defines as a category one alternative energy**  
8 **device.**

9 (5) "Category two alternative energy device" means a fuel cell system, solar electric system,  
10 [or] wind electric system **or any other system that the director defines as a category two al-**  
11 **ternative energy device.**

12 (6) "Coefficient of performance" means the ratio calculated by dividing the usable output energy  
13 by the electrical input energy. Both energy values must be expressed in equivalent units.

14 (7) "Contractor" means a person whose trade or business consists of offering for sale an alter-  
15 native energy device, construction service, installation service or design service.

16 (8)(a) "Cost" means the actual cost of the acquisition, construction and installation of the al-  
17 ternative energy device paid by the taxpayer for the alternative energy device.

18 (b) For an alternative fuel vehicle, "cost" means the difference between the cost of the alter-  
19 native fuel vehicle and the same vehicle or functionally similar vehicle manufactured to use con-  
20 ventional gasoline or diesel fuel or, in the case of modification of an existing vehicle, the cost of the  
21 modification. "Cost" does not include any amounts paid for remodification of the same vehicle.

22 (c) For a fueling station necessary to operate an alternative fuel vehicle, "cost" means the cost  
23 to the contractor of constructing or installing the fueling station in a dwelling and of making the  
24 fuel station operational in accordance with the specifications issued under ORS 469.160 to 469.180  
25 and any rules adopted by the Director of the State Department of Energy.

26 (d) For related equipment, "cost" means the cost of the related equipment and any modifications  
27 or additions to the related equipment necessary to prepare the related equipment for use in con-  
28 verting a vehicle to alternative fuel use.

29 (9) "Domestic water heating" means the heating of water used in a dwelling for bathing, clothes  
30 washing, dishwashing and other related functions.

31 (10) "Dwelling" means real or personal property ordinarily inhabited as a principal or secondary  
32 residence and located within this state. "Dwelling" includes, but is not limited to, an individual unit  
33 within multiple unit residential housing.

34 (11) "Energy efficient appliance" means a clothes washer, clothes dryer, water heater,  
35 refrigerator, freezer, dishwasher, appliance designed to heat or cool a dwelling or other major  
36 household appliance that has been certified by the State Department of Energy to have premium  
37 energy efficiency characteristics.

38 (12) "First year energy yield" of an alternative energy device is the usable energy produced  
39 under average environmental conditions in one year.

40 (13) "Fuel cell system" means any system, mechanism or series of mechanisms that uses fuel  
41 cells or fuel cell technology to generate electrical energy for a dwelling.

42 (14) "Fueling station" includes but is not limited to a compressed natural gas compressor fueling  
43 system or an electric charging system for vehicle power battery charging.

44 (15) "Placed in service" means:

45 (a) The date an alternative energy device is ready and available to produce usable energy or

1 save energy.

2 (b) For an alternative fuel vehicle:

3 (A) In the case of purchase, the date that the alternative fuel vehicle is first purchased as an  
4 alternative fuel vehicle ready and available for use.

5 (B) In the case of modification, the date that the modification is completed and the vehicle is  
6 ready and available for use as an alternative fuel vehicle.

7 (c) For a fueling station necessary to operate an alternative fuel vehicle, the date that the fu-  
8 eling station is first operational.

9 (d) For related equipment, the date that the equipment is first operational.

10 (16) "Related equipment" means equipment necessary to convert a vehicle to use an alternative  
11 fuel.

12 (17) "Solar electric system" means any system, mechanism or series of mechanisms, including  
13 photovoltaic systems, that uses solar radiation to generate electrical energy for a dwelling.

14 (18) "Wind electric system" means any system, mechanism or series of mechanisms that uses  
15 wind to generate electrical energy for a dwelling.

16 **SECTION 2.** ORS 469.185 is amended to read:

17 469.185. As used in ORS 469.185 to 469.225 and 469.878:

18 (1) "Alternative fuel vehicle" means a vehicle as defined by the Director of the State Depart-  
19 ment of Energy by rule that is used primarily in connection with the conduct of a trade or business  
20 and that is manufactured or modified to use an alternative fuel, including but not limited to elec-  
21 tricity, ethanol, methanol, gasohol and propane or natural gas, regardless of energy consumption  
22 savings.

23 (2) "Car sharing facility" means the expenses of operating a car sharing program, including but  
24 not limited to the fair market value of parking spaces used to store the fleet of cars available for  
25 a car sharing program, but does not include the costs of the fleet of cars.

26 (3) "Car sharing program" means a program in which drivers pay to become members in order  
27 to have joint access to a fleet of cars from a common parking area on an hourly basis. "Car sharing  
28 program" does not include operations conducted by car rental agencies.

29 (4) "Cost" means the capital costs and expenses necessarily incurred in the acquisition, erection,  
30 construction and installation of a facility, including site development costs and expenses for a  
31 sustainable building practices facility.

32 (5) "Energy facility" means any capital investment for which the first year energy savings yields  
33 a simple payback period of greater than one year. An energy facility includes:

34 (a) Any land, structure, building, installation, excavation, machinery, equipment or device, or  
35 any addition to, reconstruction of or improvement of, land or an existing structure, building, instal-  
36 lation, excavation, machinery, equipment or device necessarily acquired, erected, constructed or in-  
37 stalled by any person in connection with the conduct of a trade or business and actually used in the  
38 processing or utilization of renewable energy resources to:

39 (A) Replace a substantial part or all of an existing use of electricity, petroleum or natural gas;

40 (B) Provide the initial use of energy where electricity, petroleum or natural gas would have been  
41 used;

42 (C) Generate electricity to replace an existing source of electricity or to provide a new source  
43 of electricity for sale by or use in the trade or business;

44 (D) Perform a process that obtains energy resources from material that would otherwise be solid  
45 waste as defined in ORS 459.005; or

1 (E) Manufacture or distribute alternative fuels, including but not limited to electricity, ethanol,  
2 methanol, gasohol or biodiesel.

3 (b) Any acquisition of, addition to, reconstruction of or improvement of land or an existing  
4 structure, building, installation, excavation, machinery, equipment or device necessarily acquired,  
5 erected, constructed or installed by any person in connection with the conduct of a trade or business  
6 in order to substantially reduce the consumption of purchased energy.

7 (c) A necessary feature of a new commercial building or multiple unit dwelling, as dwelling is  
8 defined by ORS 469.160, that causes that building or dwelling to exceed an energy performance  
9 standard in the state building code.

10 (d) The replacement of an electric motor with another electric motor that substantially reduces  
11 the consumption of electricity.

12 (6) "Facility" means an energy facility, recycling facility, transportation facility, car sharing  
13 facility, sustainable building practices facility, alternative fuel vehicle or facilities necessary to op-  
14 erate alternative fuel vehicles, including but not limited to an alternative fuel vehicle refueling  
15 station, a high-efficiency combined heat and power facility, a high-performance home, a  
16 homebuilder-installed renewable energy system, or a renewable energy resource equipment manu-  
17 facturing facility.

18 (7) "High-efficiency combined heat and power facility" means a device or equipment that simul-  
19 taneously produces heat and electricity from a single source of fuel and that meets the criteria es-  
20 tablished for a high-efficiency combined heat and power facility under ORS 469.197.

21 (8) "High-performance home" means a new single-family dwelling that:

22 (a) Is designed and constructed to reduce net purchased energy through use of both energy ef-  
23 ficiency and on-site renewable energy resources; and

24 (b) Meets the criteria established for a high-performance home under ORS 469.197.

25 (9) "Homebuilder-installed renewable energy system" means a renewable energy resource system  
26 that:

27 (a) Meets the criteria established for a renewable energy resource system under ORS 469.197;  
28 and

29 (b) Is installed in a new single-family dwelling by, or at the direction of, the homebuilder con-  
30 structing the dwelling.

31 (10) "Qualified transit pass contract" means a purchase agreement entered into between a  
32 transportation provider and a person, the terms of which obligate the person to purchase transit  
33 passes on behalf or for the benefit of employees, students, patients or other individuals over a  
34 specified period of time.

35 (11) "Recycling facility" means equipment used by a trade or business solely for recycling:

36 (a) Including:

37 (A) Equipment used solely for hauling and refining used oil;

38 (B) New vehicles or modifications to existing vehicles used solely to transport used recyclable  
39 materials that cannot be used further in their present form or location such as glass, metal, paper,  
40 aluminum, rubber and plastic;

41 (C) Trailers, racks or bins that are used for hauling used recyclable materials and are added to  
42 or attached to existing waste collection vehicles; and

43 (D) Any equipment used solely for processing recyclable materials such as bailers, flatteners,  
44 crushers, separators and scales.

45 (b) But not including equipment used for transporting or processing scrap materials that are

1 recycled as a part of the normal operation of a trade or business as defined by the director.

2 (12)(a) "Renewable energy resource" includes, but is not limited to:

3 (A) Straw, forest slash, wood waste or other wastes from farm or forest land, nonpetroleum plant  
4 or animal based biomass, ocean wave energy, solar energy, wind power, water power or geothermal  
5 energy; [or]

6 (B) A hydroelectric generating facility that obtains all applicable permits and complies with all  
7 state and federal statutory requirements for the protection of fish and wildlife and:

8 (i) That does not exceed 10 megawatts of installed capacity; or

9 (ii) Qualifies as a research, development or demonstration facility; **or**

10 **(C) Any other resource that the director defines as a renewable energy resource.**

11 (b) "Renewable energy resource" does not include a hydroelectric generating facility that is not  
12 described in paragraph (a) of this subsection.

13 (13) "Renewable energy resource equipment manufacturing facility" means any structure, build-  
14 ing, installation, excavation, machinery, equipment or device, or an addition, reconstruction or im-  
15 provement to land or an existing structure, building, installation, excavation, machinery, equipment  
16 or device, that is necessarily acquired, constructed or installed by a person in connection with the  
17 conduct of a trade or business, that is used primarily to manufacture equipment, machinery or other  
18 products designed to use a renewable energy resource and that meets the criteria established under  
19 ORS 469.197.

20 (14) "Sustainable building practices facility" means a commercial building in which building  
21 practices that reduce the amount of energy, water or other resources needed for construction and  
22 operation of the building are used. "Sustainable building practices facility" may be further defined  
23 by the State Department of Energy by rule, including rules that establish traditional building prac-  
24 tice baselines in energy, water or other resource usage for comparative purposes for use in deter-  
25 mining whether a facility is a sustainable building practices facility.

26 (15) "Transportation facility" means a transportation project that reduces energy use during  
27 commuting to and from work or school, during work-related travel, or during travel to obtain med-  
28 ical or other services, and may be further defined by the department by rule. "Transportation facil-  
29 ity" includes, but is not limited to, a qualified transit pass contract or a transportation services  
30 contract.

31 (16) "Transportation provider" means a public, private or nonprofit entity that provides trans-  
32 portation services to members of the public.

33 (17) "Transportation services contract" means a contract that is related to a transportation fa-  
34 cility, and may be further defined by the department by rule.

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